

STATEMENT OF ROBERT MAZUR TO THE
SUBCOMMITTEE ON DOMESTIC & INTERNATIONAL MONETARY POLICY
DECEMBER 7, 1999

I am currently the President of Chase & Associates, Inc., a company that provides consulting, training and expert witness services in several fields, including money laundering, and international drug trafficking. I started my firm in August of 1998, shortly after I retired from government service and concluded a twenty-seven year career as a federal agent. My company presently serves a number of private law firms, government agencies, and public companies. I continue to frequently interact with the law enforcement community on a number of levels. I conduct advanced training to federal agents at national law enforcement academies, I am a consultant to the Office of Independent Counsel David Barrett in Washington DC, and I serve as an anti-money laundering compliance consultant to a public company that deals frequently with the U.S. Customs Service.

During my law enforcement career, I was a Special Agent with three agencies, the IRS-Criminal Investigation Division, U.S. Customs - Office of Enforcement, and the Drug Enforcement Administration. While working for each of these agencies, I was primarily responsible for conducting long-term investigations of international drug trafficking organizations. I directed dozens of lengthy investigations in various capacities. I functioned as a Project Manager, Case Agent, and a Long-Term Undercover Agent. I have been qualified in U.S. District Court and Superior Court in Canada as an expert in international money laundering, as well as an expert in international drug trafficking.

During the late 1980's through 1994, I assumed several long-term undercover roles and infiltrated various international drug trafficking organizations, including both the Medellin and Cali drug cartels of Colombia. My primary role with these cartels involved the coordination of laundering drug proceeds with various corrupt financial institutions, businessmen, bankers, and financial planners. My undercover roles in three investigations led to the prosecution of several hundred traffickers and money launderers, the collection of more than \$600 million in forfeitures and fines, and the development of critical evidence that was used in the conviction of Panamanian General Manuel Noriega.

I was the primary undercover agent that infiltrated the Bank of Credit & Commerce (BCCI), and my recording of hundreds of conversations with BCCI officers was the cornerstone of the prosecutions that led to the dismantling of the BCCI money-laundering machine.

I have been honored to serve in the difficult task of attempting to thwart the international drug and money-laundering organizations that poison our citizens, murder witnesses, corrupt governments and institutions, and create an unfair economic advantage for those who invest billions of drug dollars earned each year. My achievements investigating the world's largest drug cartels and money-laundering organizations occurred because I worked shoulder-to-shoulder with members of a team; a team comprised of hundreds of law enforcement officers, prosecutors, analysts, agency administrative staff, and their devoted families who sacrificed many hours of their lives for a cause. Had it not been for the devotion and professionalism of

that team, I wouldn't be testifying before you today, because I couldn't have succeeded without the unfailing support of that family.

Although I have viewed the drug trafficking and money-laundering world as a traditional investigator of historical facts, I was also given a unique opportunity to experience that world from the inside. As a long-term undercover agent over a collective period of five years, I interacted as a member of the drug and money-laundering world on a 24-hour basis. My undercover roles enabled me to interact closely with dozens of significant members of the world's most notorious drug and money laundering groups. Although it would be impractical for me to mention each of the significant criminals with whom I dealt closely, I would like to mention the roles of a few of these individuals, so you can better understand why I was in a position to gain an unique picture of the effect that high level traffickers and money-launderers have on Panama and other nations.

With respect to the Medellin Cartel, I dealt closely with one of Pablo Escobar's attorneys and closest advisors, Santiago Uribe, who was responsible for the laundering of a significant portion of Escobar's fortune. In addition, Uribe assisted in the orchestration of the assassination of law enforcement officers in Colombia. He was the author of Colombia's non-extradition treaty, which has been rescinded as a result of the courage of the present administration in Colombia. I also worked very closely with one of Fabio Ochoa's cocaine transportation and distribution specialists, Roberto Alcaino. Alcaino and I became partners in the laundering of drug proceeds for Medellin Cartel members, and our apparent friendship led to his disclosure to me of an entire clandestine lab operation that produced cocaine that was transshipped through Argentina to the U.S. and Europe. Information disclosed to me by Alcaino led to his arrest at the site of a 2,500-pound cocaine seizure. After his arrest, still not realizing that I was an undercover agent, Alcaino and his organization authorized me to assume his role in the collection of drug proceeds and the distribution of funds to his cocaine suppliers. I functioned in this capacity for approximately thirty days after Alcaino's arrest. I also dealt directly with one of Gerardo Moncada's primary assistants and strategists, Rudolph Ambrecht. Moncada was Pablo Escobar's replacement as the head of the Medellin Cartel during the period of time that Escobar was temporarily imprisoned in luxurious quarters in Colombia. Ambrecht, a former commercial pilot, acquired a small air force for the Medellin Cartel that was used to transport tons of cocaine throughout North and South America.

With respect to the Cali Cartel, I worked closely with corrupt bankers and businessmen. Through the Black Market Peso Exchange and dozens of fictitious import/export companies, these corrupt professionals laundered tens of millions of dollars in drug proceeds for members of the Cali Cartel, including the cartel's leader, Miguel Rodriguez Orejuela.

With regard to the Bank of Credit & Commerce International (BCCI), I routinely met with officers of the bank throughout the world and received a first hand education from them about various methods to effectively launder drug proceeds. Among other officers, I dealt on a daily basis with Amjad Awan, the former Manager of the Panama branch of BCCI. At the same time that I dealt with Awan, he maintained a close relationship with Manuel Noriega and functioned as Noriega's financial adviser.

With regard to Panama, I shared office space with Gilbert Straub, a convicted drug money launderer who was formerly a lieutenant of Robert Vesco. During the early 1970's, Straub ran Vesco's operations in New Jersey. He is the individual who personally delivered \$50,000 in U.S. currency that was initially used to buy the silence of the Watergate Burglars. After Straub, Vesco and others were indicted for SEC violations in the early 1970's, he fled to Panama, established Panamanian citizenship, and embarked on a career of laundering illegal proceeds for U.S. based organized crime figures. Straub informed me of innumerable facts relative to the illegal activities he and others staged from Panama.

While in Panama, I dealt with a host of drug traffickers and money launderers. These individuals were involved with various Colombian based drug cartels, factions of the Russian mafia, individuals involved in the Italian mafia, U.S. based organized crime figures, illegal arms dealers, and money managers in control of fortunes stolen by corrupt world leaders. Virtually all of these individuals looked with great optimism toward the day when U.S. forces would be withdrawn from Panama, and a U.S. presence in Panama would be minimized.

I would like to highlight my undercover conversations with one particular individual that has a major influence in Panama, Jorge Krupnik. Although Mr. Krupnik's account of his integrating criminal conduct and legitimate business activities is astounding, it isn't that dissimilar to the activities of the majority of the contacts I made while working undercover in Panama.

Despite his indictment in the U.S. for drug money laundering offenses in 1994, Mr. Krupnik continues to be a very influential businessman in Panama. He is associated with political figures in Panama, government officials in Russia, government officials in Cuba, Colombian drug traffickers, as well as organized criminal groups in the United States. Because Mr. Krupnik is a Panamanian citizen, Panamanian law does not permit his extradition to the United States for offenses stemming from his laundering of drug proceeds. Like many individuals involved in significant criminal activity, he uses Panama as a safe haven, from which he injects illegal proceeds into legitimate businesses throughout the world.

I was introduced to Mr. Krupnik in 1993 when I visited him at his office in the Banco Exterior building in Panama. At the time, Mr. Krupnik was already well known to law enforcement agencies. By his own account, he was formerly a close associate of General Manuel Noriega. During the Noriega regime, Krupnik was in charge of the procurement of arms for the country of Panama and maintained exclusive rights to deal with certain arms dealers. A few days before Noriega was captured by U.S. troops, Noriega and his bodyguards used Krupnik's home as a place of refuge.

Mr. Krupnik was born in Russia. He previously resided in many countries, including the United States. Since establishing residence in Panama, he has become a significant member of the business and political community. When I knew him, he owned a construction company and a marine terminal. He charters ships and tankers; he sold commodities including food goods, cigarettes, emeralds, petroleum, and automobiles throughout the world. Basically, Mr. Krupnik finances investments worldwide. When I dealt with Mr. Krupnik, he maintained close business ties with individuals in Russia, Italy, Cuba, Switzerland, Colombia, Panama, the U.S., and other countries.

Like most of the criminal element in Panama with whom I dealt, Mr. Krupnik anxiously awaited the diminished influence of the U.S. in Panama. Mr. Krupnik viewed U.S. withdrawal as an opportunity to assist interests in other parts of the world to increase their economic influence in Panama. In particular, Mr. Krupnik worked closely with unidentified "businessmen" in the Far East, with whom he hoped to build a Special Economic Zone in Panama. The construction cost of this zone was estimated at \$3 billion dollars. Among other features, this zone was proposed to include a commercial district, international finance center, hotels, a marina, housing, warehouses, industrial districts for light, heavy and high-tech industries, and the redevelopment of Port Balboa.

Aside from future projects, such as the Special Economic Zone, Mr. Krupnik spoke of his extensive involvement in the present day infrastructure of Panama. After gaining an understanding that I was involved in the laundering of tens of millions of dollars in drug proceeds for the Cali Cartel, Mr. Krupnik offered me unlimited access to aircraft, shipping facilities, and other equipment that operated in the ports and airports of Panama.

Among other proposals, Mr. Krupnik offered the following:

- The exchange of U.S. currency generated from drug trafficking for Colombian pesos, commercial goods, real estate or gold bars.
- The use of a money-laundering scheme that involved fictitious sales of emeralds
- The laundering of drug money through contacts in the New York City diamond district
- The illegal transportation of U.S. currency aboard commercial aircraft maintained in Panama
- The laundering of drug money through contacts in Las Vegas
- The laundering of drug proceeds through bank accounts in The Bahamas and Switzerland
- The exchange of U.S. currency in Panama for U.S. currency stockpiled in Colombia
- The investment of drug proceeds in business ventures in which Krupnik participated, including the automation of the port of Cristobal, and improvements to Panama's rail system. According to Krupnik, in exchange for investments in these projects, he would ensure that these facilities could be used by Colombian traffickers to transport drugs and money.

The facts outlined above are only a small sample of the type of criminal activity I regularly witnessed in Panama. The majority of my conversations with money launderers and drug traffickers in Panama were recorded, including my conversations with Mr. Krupnik. The Drug Enforcement Administration has maintained control of these recordings.

In light of the imminent withdrawal of U.S. troops from Panama and the likely reaction to this event by major organized crime groups throughout the world, I recommend that the U.S. attempt to assist the Panamanian government with the likely increased criminal activity that will plague their country. An enhanced understanding and partnership between U.S. and Panamanian authorities offers a strategic defense against the exploitation of Panama by outside criminal elements.

In my opinion, consideration should be given to increasing the budget and resources of the Drug Enforcement Administration and other U.S. law enforcement authorities that are hosted by the Panamanian government. Asking these agencies to find funding in their existing budgets to react to this threat would be a disservice to the many other priorities they must address and the importance of this issue. If the U.S. government is serious about helping their allies confront new threats imposed by the never-ending resources of organized criminal groups, their actions relative to Panama will serve as a primary example of whether their heart is in this fight.

I believe that, when the Panamanian people recognize that the U.S. respects the sovereignty of their nation and offers enhanced bi-lateral cooperation to address the threat posed by the increased insurgence of sophisticated criminal organizations, they will certainly respond favorably. The increased threats posed to Panama are not only important to the U.S. and Panama, but to the entire world. The exploitation of Panama's banking community by organized criminal groups can extend a financial lifeline to terrorism anywhere in the world.

In view of the increased threat imposed by sophisticated criminal groups to Panama and the international banking community, I would also consider the merits of initiating several long-term undercover operations, like those in which I was authorized to function in an undercover capacity. These special operations, which require Attorney General Exemptions and were initiated during 1986 and 1991, appear to have occurred with less frequency since the early 1990's.

While the granting of Attorney General Exemptions addressing global money laundering organizations may have diminished during the recent past, an unusual number of regulations have been contemplated and imposed upon the world banking community during this same period, in an effort to monitor transactions that might involve illegal proceeds. Although well intended, these regulations do not effect the more sophisticated money launderers. Providing resources to the relevant law enforcement agencies and empowering those resources through the issuance of Attorney General Exemptions addressing global money laundering organizations is the most effective deterrent to the Jorge Krupnik's of the world.

The views expressed herein are mine and do not necessarily represent those of the law enforcement agencies at which I was employed.